

*From the Series*  
Deciding on Housing  
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TO BUY A HOUSE:  
NEW OR USED?

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## TO BUY A HOUSE: NEW OR USED?\*

Many people often resort to an old cliché, "They don't build houses like they used to," without realizing that this is a positive statement. Today's building codes and construction methods and materials provide a structurally stronger home than those of 50 years ago. However, it is in the easily-seen finish details (trim, cabinetry, etc.) that the craftsmanship may be lacking in many new homes, largely due to today's prohibitive costs.

Comparisons are often made between the large, old, mansion custom-built by one carpenter for a wealthy family of yesteryear, and a modest new home built speculatively by a general contractor and a dozen sub-contractors. The more valid comparison would be the best of yesterday to the best of today. Many older homes are large and heavy, but do not compare in terms of modern methods, materials, and mechanical systems.

The answer to "Which is better--new or used?" lies in the priorities set by the family for their home. The following checklists will outline points about new homes less than a year old, and used homes, which could be one to one hundred years old. The age of a house should not limit your choice, because one older home may be nearly falling down, while another of the same age may have received better care and be in excellent condition. After checking the items preferred, you will have a better idea of which is best for your situation.

The next step is to examine prospective homes for those points, since not every home will have all the benefits or disadvantages listed.

It has often been said that a good "compromise" between new and old homes is a resale house less than ten years old which provides the benefits of both new and used.

\*Adapted from material prepared by Betty Jo White, Assistant Professor,  
Colorado State University

NEW HOUSE	USED HOUSE
(Less than one year old)	(1-100 years old)
<u>ECONOMIC FACTORS</u>	<u>ECONOMIC FACTORS</u>
<p>_____ Perhaps higher initial cost, but lower occupancy cost due to energy-efficient construction and to savings on repairs and maintenance.</p>	<p>_____ Perhaps lower initial cost, but higher occupancy cost for utilities, maintenance and repair.</p>
<p>_____ Downpayment requirements may be lower (10% down is fairly common on new homes).</p>	<p>_____ Utility and insurance cost histories may be obtained from owner or (utility) company.</p>
<p>_____ Easier to get a mortgage on a new structure than on a much older one.</p>	<p>_____ Downpayment requirements may increase with age of house (20-30% down is common).</p>
<p>_____ Builder may have financing available at slightly lower interest rates than if obtained directly from lenders.</p>	<p>_____ May be difficult to get a mortgage for the desired amount, or at all on very old homes.</p>
<p>_____ Available financing terms are longest on a new structure (30-35 years common).</p>	<p>_____ Interest rate may be slightly higher, but the assumption of a mortgage with a lower-than-currently available rate may be possible from the seller.</p>
<u>THE HOUSE</u>	<u>THE HOUSE</u>
<p>_____ Includes latest in equipment, mechanical systems, and conveniences, particularly in:</p> <ul style="list-style-type: none"> <li>_____ kitchens</li> <li>_____ bathrooms and utility rooms</li> <li>_____ heating and air conditioning systems</li> <li>_____ new plumbing and fixtures</li> <li>_____ higher capacity electrical systems with more circuits and outlets.</li> </ul>	<p>_____ Perhaps built to lesser or different construction, safety, or use standards:</p> <ul style="list-style-type: none"> <li>_____ Mechanical systems (plumbing, wiring, heating) may have both inadequate capacity and be in poor condition</li> <li>_____ Structural failure, termite or wood rot damage, or lack of insulation may be evident</li> <li>_____ The seller may be abandoning a significant problem</li> <li>_____ May want or need to finance modernization in the mortgage loan.</li> </ul>

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 NEW HOUSE
 

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 USED HOUSE
 

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 (Less than one year old)
 

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 (1-100 years old)
 

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\_\_\_ Usually is higher "quality" due to increased building code requirements  
 \_\_\_ more insulation  
 \_\_\_ smoke detectors  
 \_\_\_ safety glass in doors and showers  
 \_\_\_ other: \_\_\_\_\_

\_\_\_ Workmanship may be of poorer quality than that found in "Quality" older homes.

\_\_\_ Opportunity to customize the new home with available options or to choose as many as are affordable at time of purchase.

\_\_\_ Affordable house may be too small for your family's needs, new homes are decreasing slightly in size to be affordable.

\_\_\_ Depending on house and lot size and design, plus zoning ordinance, there may be fewer possibilities for later expansion or remodeling.

\_\_\_ Builder's credentials and reputation may be more easily learned if still in business.

\_\_\_ Builder's contract may include a one-year callback and a 10-year structural warranty.

\_\_\_ New appliances and mechanical equipment will be under (separate) warranties.

\_\_\_ Possible obsolescence or (hidden) defects due to age

\_\_\_ Floorplan, kitchen and bath design or equipment may be obsolete

\_\_\_ Inadequate built-in storage is common in older homes without closets or cabinets

\_\_\_ Recognize "cosmetic rehabilitation" as a surface-only treatment, e.g., new paint and bathroom sink, but old rotten wood and corroded pipes underneath

\_\_\_ Look for obvious good care and periodic modernization

\_\_\_ Have it checked for structural and mechanical adequacy or condition by a construction or home inspection expert if in doubt.

\_\_\_ Good buys may be possible in cases where owners must sell in a hurry and "take a loss."

\_\_\_ House may have a history and unique style and design not available in new homes.

\_\_\_ Certain craftsmanship and finish details and features, e.g., "gingerbread" and pantries, are only available in older homes.

\_\_\_ Older homes may give more space (larger and more rooms) for the same price, but:

\_\_\_ Compare square foot cost advisedly; you may be buying more space, but less in terms of modern, low-maintenance mechanical systems, and more in repair and improvement costs

\_\_\_ Larger rooms and high ceilings cost more to heat

\_\_\_ Is the "extra" space really useful and needed by the occupants?

\_\_\_ Warranties and service contracts are not yet common for used homes, but coming.

NEW HOUSE	USED HOUSE
(Less than one year old)	(1-100 years old)
<p>Home may or may not be totally complete upon move-in, thus perhaps presenting opportunities to do some finish work and save money.</p>	<p>Original faults have been corrected and necessary improvements (such as fences and carports) made by previous owners, thus can often be occupied with little or no move-in expense.</p>
<p>First year or two (waiting for or doing landscaping, correcting minor ills, rendering window treatments, etc.) can result in substantial move-in expenses or inconvenience.</p>	<p>Landscaping may be complete and mature, however, can also be aging and in need of "repair", e.g., removal of diseased trees.</p>
<p>Minimum upkeep and reduced maintenance due to new and usually better materials; scrubbing, painting, redecorating not necessary prior to move-in.</p>	<p>May require commitment of time and money for updating and repair. Necessary repairs may not be economically feasible or may result in "over-improvement." It may be wise to get an appraisal as though the home were "fixed," and compare the increased value to the estimated cost of repair or improvement.</p>
<u>THE NEIGHBORHOOD</u>	<u>THE NEIGHBORHOOD</u>
<p>Innovative concepts in land use and subdivision design (e.g., cluster planning, large shared open spaces and other amenities such as recreation areas) are available.</p>	<p>Neighborhood facilities, services, character, and traffic patterns have been established, thus satisfaction with location may be easier to predict.</p>
<p>Neighborhood/subdivision may not be complete and promises may or may not be kept on unfinished items.</p>	<p>Older neighborhoods may be nearer public transportation or desired shopping within walking distance.</p>
<p>Moderately-priced new subdivisions may attract adaptable young families with much in common.</p>	<p>Neighborhood may have passed its peak desirability or could be in the path of spreading blight.</p>
<p>In new housing developments, property taxes may be higher or rising, or special assessments may be made by the local government after purchase to pay for community growth.</p>	<p>Property taxes and special assessments may be stable or more easily predictable in established neighborhoods.</p>
	<p>Used homes may or may not appreciate as fast as newer homes/subdivisions: location is the key factor.</p>
	<p>In most communities, the majority of homes on the market at any one time are used, thus there may be a wider choice of structures and locations.</p>

**NOTES**